



NEWS & VIEWS

SBA News and Views is a monthly publication of the SBA Wisconsin District Office. Its purpose is to provide Wisconsin lenders and small business leaders with up-to-date information on SBA programs and small business issues. It is distributed at no cost, and the reprinting of articles is encouraged

Serving America's Small Businesses

U.S. Small Business Administration Wisconsin District Office

**Eric Ness, District Director
June 2004**

In this issue:

| | |
|---|-------------|
| Assigning Appropriate Maturities..... | page 1 |
| Push to Create Rural Jobs..... | pages 1 & 2 |
| Reasons for 504 Screen Outs..... | page 2 |
| WI Disaster Updates..... | pages 2-4 |
| SBIR/STTR Award Winners..... | page 4 |
| One Stop IRS Resources..... | page 5 |
| Small Business Training For Veterans..... | page 5 |
| Calendar of Events Link..... | page 5 |
| Office of Advocacy Link ... | page 5 |
| May Lenders..... | pages 6 & 7 |
| SBA Loan Programs Seminar..... | page 8 |

SBA Home Page

<http://www.sba.gov>

Wisconsin SBA Home Page

<http://www.sba.gov/wi>

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Assigning Appropriate Maturities Based on the Use of Proceeds

In an advisory report from the Office of Inspector General (OIG) to the Office of Financial Assistance (OFA), OIG identified an issue regarding lenders assigning inappropriate maturities to loans.

Specifically, in reviewing situations where the borrower received two loans at the same time, the OIG discovered that both loans had maturities of 25 years even though the use of proceeds did not meet SBA's requirement for the longer term.

The purpose of this notice is to remind lenders that the use of proceeds determines the appropriate maturity for an SBA-guaranteed loan. SBA's policy regarding maximum maturities for 7(a) loans is found in SOP 50 10(4), Subpart B, Chapter 1, para.7.

The regulation governing 7(a) loan maturities is the following:

Sec. 120.212 What Limits are there on loan maturities?

The term of a loan shall be:

- The shortest appropriate term, depending upon the borrower's ability to repay;
- Ten years or less, unless it finances or refines real estate or equipment with a useful life exceeding ten years; and

- A maximum of 25 years, including extensions. (A portion of a loan used to acquire or improve real property may have a term of 25 years plus an additional period needed to complete the construction or improvements).

A maturity of 25 years is reserved for real estate loans. Maturities exceeding 10 years must be documented to demonstrate that the reasonable economic life of the assets acquired with the loan proceeds is greater than ten years.

Push to Create Rural Jobs

Agriculture Secretary Ann M. Veneman and Small Business Administration Administrator Hector V. Barreto announced an Administration effort to stimulate rural business development and jobs by providing greater access to venture capital investment funds. The SBA, on behalf of USDA, will enable venture capital companies to offer access to capital to rural enterprises under a newly created business and jobs initiative called the [Rural Business Investment Program \(RBIP\)](#).

"This new initiative supports President Bush's efforts to build a strong foundation for business development and job growth to serve as economic stimulus in rural areas," Veneman said. "This capital will help to create or

expand rural business ventures needed for a strong rural economy and job opportunities.”

“The RBIP program will help to create an environment in which small rural businesses can grow and create jobs,” Barreto said. “President Bush’s leadership on this important issue will make a real difference in the lives of small businesses in rural areas.”

USDA and SBA will publish in the Federal Register guidelines for making application to the new program. In general, with funding provided by USDA, the RBIP will allow newly formed venture capital investment companies to leverage private capital funds with government financial assistance and to obtain government grant resources for technical assistance. The RBIP will increase the amount of capital available for investment in rural American businesses, and will provide a new resource for technical assistance to such businesses.

Created by the 2002 Farm Bill, RBIP will license Rural Business Investment Companies (RBICs) to support up to \$60 million in guaranteed RBIC debentures based on the Bush Administration’s Fiscal Year 2005 budget. The Rural Business Investment Program augments investments already being made in rural areas. By licensing qualified management teams and structuring the RBIP appropriately, this new program can contribute significantly to the federal government’s efforts to encourage private risk-taking and investment in rural America.

Major Reasons 504 Loan Applications are Screened Out

The main reasons 504 loan applications are screened out at the Sacramento Processing Center are:

1. Form 1244 is not signed by all borrowers and guarantors.
2. Project cost numbers on the 1244 do not match the purchase contract, construction estimated or equipment bids in file.
3. Credit reports are over 90 days old.
4. The application is missing historic seller financials for projects involving a business purchase, change of ownership, where we are relying on the seller’s established business cash flow for repayment ability.
5. Ownership in other businesses is evident on the personal tax returns or the personal financial statement but no affiliate analysis has been performed and no financial information for identified affiliates has been provided.
6. Incomplete or missing franchise documents including the change/no change certificate for those franchises on the National Franchise Registry.
7. Third party lender letter is missing, does not indicate terms of the proposed financing or the amount(s) do not match what is being used in the 1244 and authorization.
8. Funds for project injection are not evident on the business balance sheet, personal financial statement or purchase contract with no explanation as to the source.

9. Loan authorizations are not being submitted concurrently with the application.
10. Form 912 is incomplete.

Latest Disaster Updates

SBA Declaration #9ZF400 Severe Storms, Tornadoes and Flooding that occurred May 19, 2004

Small businesses located in Crawford and Grant counties may apply for economic injury disaster loan assistance through the SBA. These are working capital loans to help the business continue to meet its obligations until the business returns to normal conditions. These counties are eligible because they are contiguous to one or more primary counties in the State of Iowa. The filing deadline for economic injury loan applications is **February 25, 2005.**

SBA Declaration #R204 Military Reservist Economic Injury Disaster Loan Program

Small businesses employing military reservists may apply for economic injury disaster loans if those employees are called up to active duty during a period of military conflict existing on or after March 24, 1999 and those employees are essential to the success of the small business daily operations. The filing period for small businesses to apply for economic injury loan assistance under the Military Reservist Economic Injury Disaster Loan Program begins on the date the essential employee is ordered to active duty and ends on the date 90 days after the essential employee is discharged or released from active duty. To date, SBA has approved \$737,500 in disaster loans.

**SBA Declaration #9Z66
Drought that occurred from
May 1, 2003 through
October 31, 2003**

Small businesses located in 70 counties may apply for economic injury disaster loan assistance through the SBA. These are working capital loans to help the business continue to meet its obligations until the business returns to normal conditions. Physical damages cannot be covered by these loans. Only small, non-farm agriculture dependent businesses and small agricultural cooperatives are eligible to apply for assistance. Nurseries are also eligible for economic injury caused by drought conditions. The filing deadline for economic injury loan applications is **October 27, 2004**.

**SBA Declaration #9Z37
Adverse Weather Conditions
that occurred in 2003: Extreme
Temperature Fluctuations,
Freezing Rain, and Periods of
Abnormally Warm Weather
Followed by Very Low
Temperatures that occurred
from February 28, 2003 through
July 21, 2003; and Heavy Rains,
Flooding, Hail, and High Winds
that occurred from May 7, 2003
through July 21, 2003.**

Small businesses located in the counties of Florence, Forest, Marinette and Vilas may apply for economic injury disaster loan assistance through the SBA. These are working capital loans to help the business continue to meet its obligations until the business returns to normal conditions. Physical damages cannot be covered by these loans. These counties are eligible because they are contiguous to one or more primary counties in the State of Michigan. Only small, non-farm

agriculture dependent businesses and small agricultural cooperatives are eligible to apply for assistance. The filing deadline for economic injury loan applications is **September 23, 2004**.

**SBA Declaration #9Z33
Drought that occurred from
July 1, 2003 and Continuing**

Small businesses located in the counties of Florence, Forest, Iron, Marinette, and Vilas may apply for economic injury disaster loan assistance through the SBA. These are working capital loans to help the business continue to meet its obligations until the business returns to normal conditions. Physical damage cannot be covered by these loans. These counties are eligible because they are contiguous to one or more primary counties in the State of Michigan. Only small, non-farm agriculture dependent businesses and small agricultural cooperatives are eligible to apply for assistance. Nurseries are also eligible for economic injury caused by drought conditions. The filing deadline for economic injury loan applications is **September 23, 2004**.

**SBA Declaration #9Y97
Drought that occurred
July 1 through August 30, 2003**

Small businesses located in the counties of Green, Kenosha, Lafayette, Rock, and Walworth may apply for economic injury disaster loan assistance through the SBA. These are working capital loans to help the business continue to meet its obligations until the business returns to normal conditions. Physical damages cannot be covered by these loans. These counties are eligible because they are contiguous to one or more

primary counties in the State of Illinois. Only small, non-farm agriculture dependent businesses and small agricultural cooperatives are eligible to apply for assistance. Nurseries are also eligible for economic injury caused by drought conditions. The filing deadline for economic injury loan applications is **August 19, 2004**.

**SBA Declaration #9X78
Drought that occurred
July 1, 2003 and Continuing**

Small businesses located in the counties of Buffalo, Burnett, Douglas, LaCrosse, Pepin, Pierce, Polk, St. Croix, Trempealeau, and Vernon may apply for economic injury disaster loan assistance through the SBA. These are working capital loans to help the business continue to meet its obligations until the business returns to normal conditions. Physical damages cannot be covered by these loans. These counties are eligible because they are contiguous to one or more primary counties in the State of Minnesota. Only small, non-farm agriculture dependent businesses and small agricultural cooperatives are eligible to apply for assistance. Nurseries are also eligible for economic injury caused by drought conditions. The filing deadline for economic injury loan applications is **June 23, 2004**.

**SBA Declaration #9X73
Drought and Related Impacts
that occurred July 1, 2003 and
Continuing**

Small businesses located in the counties of Crawford, Grant and Vernon may apply for economic injury disaster loan assistance through the SBA. These are working capital loans to help the business continue to meet its

obligations until the business returns to normal conditions. Physical damages cannot be covered by these loans. These counties are eligible because they are contiguous to one or more primary counties in the State of Iowa. Only small, non-farm agriculture dependent businesses and small agricultural cooperatives are eligible to apply for assistance. Nurseries are also eligible for economic injury caused by drought conditions. The filing deadline for economic injury loan applications is **June 23, 2004**.

Fur further information on all the above listed Wisconsin disaster declarations or how to apply, call 1-800-359-2227. Or visit the Wisconsin Disaster website at www.sba.gov/wi/disaster/html .

SBIR/STTR Award Winners

The following businesses were recognized at WiSBIC's (Wisconsin Small Business Innovation Consortium's) "18th Annual Conference and Banquet" held on June 1 and 2, 2004 for the grants they received under the SBIR/STTR Program (Small Business Innovation Research/Small Business Technology Transfer Research) in FY 04. These awards are given to small businesses that develop new and innovative products and services that have commercial application. These programs are designed to bring the benefits of new technology to the market place. These awards represent over \$24 million in federal dollars awarded to Wisconsin small businesses.

AWARDEES

3D Molecular Designs, LLC

3 Awards for \$397,244

BellBrook Labs, LLC

2 Awards for \$746,344

ConjuGon, Inc.

1 Award for 99,657

Coolwater Aquaculture, LLC

1 Award for \$100,000

Cyber Defense Agency, LLC

1 Award for \$99,974

DPSystems

2 Awards for \$199,712

Echelon 4 Corporation

1 Award for \$90,640

EraGen Biosciences, Inc.

3 Awards for \$1,016,906

FlexTech Systems, Inc.

1 Award for \$482,000

Frederick T. Elder & Associates

1 Award for \$750,000

Genetic Assemblies, Inc.

2 Awards for \$199,997

GWC Instruments

1 Award for \$99,800

GWC Technologies

1 Award for \$99,724

Healthcare Technology Systems, Inc.

1 Award for \$262,150

Imago Scientific Instruments Corp.

1 Award for \$499,850

Infinity Healthcare

1 Award for \$99,800

Intact Solutions

1 Award for \$70,000

ioGenetics

1 Award for \$500,000

Jill Florence Lackey & Associates

1 Award for \$97,235

JunTech, Inc.

1 Award for \$100,000

LS Optimal

1 Award for \$100,000

Lucigen Corporation

2 Awards for \$849,510

Microporous Oxides Science and Technology, LLC

1 Award for \$99,996

Mirus Corporation

3 Awards for \$684,786

The NeuronFarm

2 Awards for \$1,362,000

nPoint, Inc.

1 Award for \$750,197

Orbital Technologies Corporation

8 Awards for \$1,390,000

PercipEnz Technologies, Inc.

1 Award for \$749,357

PhysioGenix, Inc.

2 Awards for \$1,246,811

Platypus Technologies, LLC

2 Awards for \$847,426

Prairie Technologies, LLC

1 Award for \$213,940

Procertus Biopharm, Inc.

1 Award for \$97,500

Promoter Neurosciences, LLC

1 Award for \$131,414

Quantum Devices, Incorporated

1 Award for \$750,000

Renovar, Inc.

2 Awards for \$199,835

Research Training Associates

1 Award for \$98,695

Scotch Hill Farms

1 Award for \$199,363

Simulation Technology and Applied Research, Inc.

1 Award for \$98,277

Stratatech Corporation

4 Awards for \$3,783,965

Stress Photonics, Inc.

1 Award for \$95,393

The Madison Group

1 Award for \$100,000

Thinking Publications

1 Award for \$99,995

Third Wave Technologies

1 Award for \$1,108,626

Tomo Therapy Incorporated

1 Award for \$493,068

Virent Energy Systems, Inc.

4 Awards for \$2,212,603

Wicab, Inc.

2 Awards for \$868,208

One Stop IRS Resources

The Internal Revenue Service has an area for small businesses and for the self employed. You can find information on Employment Taxes; Employer ID Numbers (EINs); 2003 and 2004 Tax Changes that may affect your business; 2004 Standard Mileage Rates for business, charitable purposes, medical and moving expenses; Starting, Operating or Closing a Business; Small Business Forms and Publications; Choosing a Tax Preparer and much more.

These are also items you can order **FREE**; such as the: Small Business Resource Guide CD; IRS Small Business and Self-Employed Tax Calendar for 2004; Small Business/Self-Employed Electronic Marketing Card mini-CD; Virtual Small Business Workshop CD; Introduction to Federal Taxes CD; Home-Based Business Tax Avoidance Schemes Brochure; and Recognizing Illegal Tax Avoidance Schemes Brochure.

Self-employed individuals or independent contractors can find information in answering many questions related to being self-employed or being an independent contractor; information on permits and licenses you may need to operate a business, do you need an EIN, income tax filing requirements.

IRS Online Classroom: You can view streaming video of an IRS Small Business Workshop, take an IRS course or complete an online self-directed version of a workshop

taught live around the country. Visit the IRS Website at www.irs.gov/businesses/small/index.html.

Small Business Entrepreneurial Training for Veterans

The Wisconsin Department of Veterans Affairs (WDVA) and the University of Wisconsin Extension Small Business Development Center (SBDC) are offering several entrepreneurial business training sessions for veterans this summer in Milwaukee.

Through the Fast Trac *New Venture program*, each student will develop a feasibility plan, analyzing the strengths and weakness of their business idea. They will exchange ideas and learn strategies with other aspiring entrepreneurs and lay the groundwork for future business relationships within the Wisconsin business community.

The nine-module entrepreneurial training will be held on the UW-Milwaukee Campus in Room 195 of the Chemistry Building, located at 3210 N. Cramer Avenue.

Classes will meet on Thursdays, 6-9 p.m. from June 10 through August 5. A second session will run from August 12 through October 7, 2004.

Partial funding is available through the Veterans Corporation; the net cost per veteran or management team is \$250.

Veterans who successfully complete the program will receive a gift card from the Veterans Corporation valued at \$675 for computer hardware or services from Gateway Computers.

Program graduates may continue training through the Entrepreneurial Training Program (ETP) offered through the UW-Milwaukee Small Business Development Center. The ETP takes a student through the development of a business plan and prepares the new business to apply for funding from a lending institution.

Veterans may register online with the Veterans Corporation at www.veteranscorp.org/Training/index.asp; click on *Register for New Venture*.

For more information, contact: Joe Bertalan, WDVA, at (608) 267-7329 or (800) 947-8387; or joe.bertalan@dva.state.wi.us; or Mike Sitton, SBDC Instructor, at (608) 393-5931 mike.sitton@us.army.mil.

WISCONSIN CALENDAR

Classes Seminars – Training – Workshops – and More For Small Businesses or People Wanting to Start a Business!

SBA's Office of Advocacy
Updated "Answers To Frequently Asked Questions" Concerning Small Business
www.sba.gov/advo/stats/sbfaq.pdf

MAY 2004 LENDER APPROVALS




| #Loans | Lender | Lender City | \$ Amount |
|---------------|-----------------------------------|--------------------|------------------|
| 2 | American National Bank-Fox Cities | Appleton | 200,000 |
| 2 | Associated Bank Minnesota NA | Minneapolis, MN | 168,000 |
| 25 | Associated Bank NA | Green Bay | 2,716,400 |
| 1 | Bank Mutual | Milwaukee | 70,000 |
| 1 | Bank of Kenosha | Kenosha | 35,000 |
| 5 | Bank One NA | Columbus, OH | 435,000 |
| 3 | Baylake Bank | Sturgeon Bay | 722,400 |
| 1 | Branch Banking and Trust Company | Winston-Salem, NC | 900,000 |
| 1 | Bremer Bank NA | New Richmond | 20,000 |
| 1 | Business Loan Center LLC | New York, NY | 934,000 |
| 8 | Capital One Federal Savings Bank | McLean, VA | 335,000 |
| 1 | Citizens State Bank of Loyal | Neillsville | 186,000 |
| 7 | Community Bank & Trust | Sheboygan | 3,128,000 |
| 2 | Community First CU | Appleton | 121,000 |
| 2 | Cornerstone Community Bank | Grafton | 1,235,000 |
| 1 | Covantage CU | Antigo | 413,000 |
| 1 | Cuna CU | Madison | 81,000 |
| 1 | Denmark State Bank | Denmark | 200,000 |
| 3 | First Bank Financial Centre | Oconomowoc | 1,681,400 |
| 1 | First Banking Center | Burlington | 30,000 |
| 1 | First National Bank | Hastings, MN | 46,000 |
| 1 | First National Bank in Manitowoc | Green Bay | 100,000 |
| 1 | Great Lakes Asset Corporation | Green Bay | 311,000 |
| 2 | Green Lake State Bank | Green Lake | 2,450,000 |
| 2 | Innovative Bank | Oakland, CA | 20,000 |
| 4 | Investors Community Bank | Manitowoc | 2,115,000 |
| 1 | Ixonia Bancshares Inc. | Ixonia | 220,000 |
| 1 | Johnson Bank | Milwaukee | 117,600 |

| | | | |
|----|---|-----------------|-----------|
| 1 | Johnson Bank | Racine | 50,000 |
| 1 | Landmark Community Bank NA | Ramsey, MN | 20,000 |
| 42 | M&I Marshall & Ilsley Bank | Milwaukee | 5,239,300 |
| 1 | Milwaukee Economic Development Corp. | Milwaukee | 637,000 |
| 1 | Mitchell Bank | Wauwatosa | 150,000 |
| 1 | National Exchange Bank & Trust Company | Fond du Lac | 150,000 |
| 1 | Northwest Bank & Trust Company | Davenport, IA | 25,000 |
| 1 | Oak Bank | Fitchburg | 300,000 |
| 1 | Park Bank | La Crosse | 150,000 |
| 1 | Peoples State Bank | Wausau | 145,000 |
| 1 | Port Washington State Bank | Port Washington | 150,000 |
| 1 | River Valley State Bank | Merrill | 65,000 |
| 1 | Royal Bank | Oxford | 65,000 |
| 1 | S&C Bank | New Richmond | 500,000 |
| 1 | St. Francis Bank | Milwaukee | 150,000 |
| 2 | Stearns Bank | St. Cloud, MN | 605,000 |
| 1 | The Coulee State Bank | La Crosse | 138,600 |
| 1 | The First National Bank of River Falls | River Falls | 150,000 |
| 2 | The Greenwood's State Bank | Lake Mills | 300,000 |
| 1 | Timberwood Bank | Tomah | 750,000 |
| 1 | Town Bank | Delafield | 60,000 |
| 1 | Twin Cities-Metro Certified Development Corp. | Arden Hills, MN | 359,000 |
| 5 | US Bank NA | Cincinnati, OH | 861,900 |
| 1 | United Midwest Savings Bank | DeGraff, OH | 1,800,000 |
| 2 | Wachovia SBA Lending, Inc. | Roseville, CA | 469,000 |
| 1 | Waukesha State Bank | Waukesha | 1,020,000 |
| 1 | Wells Fargo Bank NA | San Jose, CA | 104,500 |
| 15 | Wisconsin Business Development Finance Corp. | Monona | 7,826,000 |
| 1 | Wisconsin Community Bank | Cottage Grove | 300,000 |



**SBA LOAN PROGRAMS
WHICH ONE FITS YOUR BUSINESS NEEDS?
FREE WEEKLY ONLINE INFORMATION SEMINAR**

Join us each Wednesday for this online training program:

-  Learn about different SBA Loan programs
-  Requirements for SBA Loans
-  Ask questions

This program is conducted by a member of the Wisconsin SBA District Office. It is designed for persons wanting to know more about SBA loans to start-up a business or to expand a business.

This is an online internet and telephone presentation. There is **NO COST** to participate.

WHEN: Each Wednesday from 9 a.m. to 10 a.m.

HOW: To reach the audio portion of the training, call toll-free (866) 740-1260 and enter the access code 3056302. To log into the Internet portion, go to <http://www.readytalk.com>. Click on "Join a Conference" and enter the same access code 3056302.

It is a good idea for first time participants to test their website browser compatibility prior to the call by going to <http://www.readytalk.com/test.html>.

If you only have access to a telephone, you will still be able to participate with just the audio portion. If you only have access to the internet and do not call in, you will not hear the audio portion of the program.

WISCONSIN SMALL BUSINESS ADMINISTRATION

www.sba.gov/wi